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Public Utility Commission of Texas

Memorandum

TO: Interim Chairman Kathleen Jackson
Commissioner Lori Cobos
Commissioner Jimmy Glotfelty

Interested Parties

FROM: Ramya Ramaswamy, Market Analysis
Floyd Walker, Market Analysis

DATE: January 18, 2024

RE: January 18, 2024, Open Meeting – Item No. 45
Project No. 55984 – *Review of DC Tie Issues in Transmission Planning*

Commission Staff requests written comments on the following questions **by noon on February 8, 2024**. Staff expects the Commission to consider these comments at the open meetings on February 15, 2024 and March 7, 2024.

Limit responses to 15 pages, excluding the executive summary. **Comments should include a clearly marked Executive Summary of up to two pages, labeled with the commenter's name, attached as the final page or pages of the submission.**

Questions:

1. Should a policy change regarding Direct Current (DC) tie minimum deliverability and planning assumptions be addressed in a Commission rulemaking project or in the ERCOT stakeholder process via a Nodal Protocol revision request or a Planning Guide revision request?

2. If the Commission chooses to consider the deliverability of imports over DC ties into ERCOT, should it consider a middle ground solution between zero and full deliverability of imports over DC ties?

    a. If so, what process should be employed? Please describe the mechanics of this process.

    b. What are some of the potential policy, market, cost, and practical implications to consider with a middle ground solution?

    c. Should this middle ground solution apply to both existing and new DC ties?

    d. How and by whom (e.g., ERCOT Planning, Commission, bilateral capacity contracts) would the appropriate amount of transmission capacity required be determined?

3. Would additional imports over DC ties impact competition in the wholesale generation market and price formation, particularly when prices are high or during scarcity conditions?

   a. From a consumer cost standpoint, would imports over DC ties benefit consumers when prices are high by increasing the supply and reducing the prices?

   b. Can the benefits for wholesale and retail consumers be quantified from question above? Please specify how in detail.

4. Which additional obligations currently imposed on the Generation Resources within ERCOT should be required of DC ties before providing them the same planning assumptions and deliverability criteria?

5. How should deliverability criteria for the existing DC tie interconnections to ERCOT with neighboring grids be accounted for in the transmission planning considerations?

   a. Should it be dependent on the partnering Balancing Authority or Independent System Operator or other power regions on the other side of the DC tie?

6. How should deliverability criteria of future DC tie interconnections to ERCOT with neighboring grids be accounted for in the transmission planning considerations?

   a. Should deliverability criteria consider how future DC tie interconnections are dispatched (SCED vs e-tags)?

   b. Should the deliverability criteria consider existence (or absence) of an interconnection agreement between power regions?

   c. Should it be dependent on the partnering Balancing Authority or Independent System Operator or other power regions on the other side of the DC tie?

7. What are the secondary impacts of changing the planning assumptions and minimum deliverability criteria of DC ties? For example, would it impact Steady State Working Group models, or other protocols or processes?

8. How should the Commission address transmission cost recovery and cost allocation with changes in DC tie import policies?